

Attachment 16B: Medicare Eligible Retiree Health Care Fund Advancement Recognition

BACKGROUND

The Medicare Eligible Retiree Health Care Fund (MERHCF) provides supplemental health care benefits to Medicare–Eligible Retirees under Public Law (PL) 106-398. The health care may be provided through purchased care or the Military Treatment Facilities. Benefits paid for purchased care patients are paid upon completion of an adjudication process. Benefits paid for patients obtaining care from the Military Treatment Facilities are reimbursed quarterly based on estimates established by the Tricare Management Activity (TMA). Reimbursements are paid in October, December, March, and June of each year. The payment in October is to cover expenses for October, November, and December that would be liquidated before the quarter ended. All other payments cover the three months following payment date and would be considered advancement by the Fund and unearned revenue by the various agencies until liquidated.

Please note that the DoD agencies will be required to initiate the trading partner entry into DDRS for unearned and earned revenue. Provided below are samples that display the appropriate trading partner entries.

RECORD UNEARNED REVENUE

On a quarterly basis, the portion of the unearned revenue that is received quarterly must be recognized in the current period as described below. The objective of this process is to ensure that advances to others per MERHCF agree with unearned revenue per DoD agencies. The payment for October, November, and December is paid in the next fiscal year, therefore, unearned revenue will not be recognized in the 4th quarter.

JOURNAL ENTRIES

Record Unearned Revenue (TC C182)

4222	Unfilled Customer Orders W/Advance
4210	Anticipated Reimbursement & Other Income
1010	Fund Balance with Treasury
*2310 (F) (97X5472)	Advances from Others

*NOTE: Many legacy and migratory systems may have recorded this advance as revenue. When this occurs, a reclassification entry may be necessary to record the related liability.

RECORD REVENUE

On a quarterly basis, the cumulative amount of earned revenue from the Military Treatment Facilities must be recognized in the current period as described below. The objective of this process is to ensure that expenses per MERHCF agree with revenue per DoD agencies.

Record Revenue (TC A306)

4252	Reimbursements & Other Income Earned-Collected
4222	Unfilled Customer Orders W/Advance
2310	Fund Balance with Treasury
*5900 (F) (97X5472)	Other Revenue

*NOTE: Many legacy and migratory systems may be using alternative revenue accounts. When this occurs, a reclassification entry may be necessary.